

Message Text

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ACTION IO-14

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ICA-11 AGRE-00 AID-05 CIAE-00 COME-00 EB-08
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E.O. 11652: N/A
TAGS: CF, UNCTAD
SUBJ: FAREWELL CALL ON INDONESIAN AMBASSADOR ALI ALATAS

1. I CALLED ON AMB ALATAS YESTERDAY AS A FAREWELL COURTESY. HE CONFIRMED THAT HE EXPECTS TO HAVE LITTLE IF ANY TIME TO GIVE TO THE CONTINUING DISCUSSIONS RELATING TO THE COMMON FUND. HE MADE THE FOLLOWING POINTS REGARDING THE COMMON FUND THAT MAY BE INTERESTING AND USEFUL. IN FINANCING THE BUFFER STOCKS THE G-77 BELIEVE THAT THE CASH CONTRIBUTION OF THE PARTICIPATING COUNTRIES IN THE ICA'S CAN BE SIGNIFICANTLY LESS THAN THE PERCENTAGES ORIGINALLY DISCUSSED. ALATAS BELIEVES THAT THE FORMULATION SHOULD BE A 25 PERCENT CASH CONTRIBUTION OF THE MFR, WITH THE REMAINING 75 PERCENT AS A CALLABLE ASSET. IN ADDITION, THERE SHOULD BE A BASIC FINANCIAL EQUITY OF \$500 MILLION WHICH WOULD ENHANCE THE BORROWING CAPACITY OF THE COMMON FUND WHILE PERMITTING THE LOWER CASH ICA CONTRIBUTION. HE DESCRIBES THIS AS POLITICALLY NECESSARY AND ECONOMICALLY USEFUL. IT IS THE MEANS BY WHICH THE JOINT VENTURE BETWEEN THE DEVELOPING AND DEVELOPED COUNTRIES CAN BE ESTABLISHED. EVERY COUNTRY IN THE COMMON FUND WOULD PAY AN EQUAL AMOUNT (HE SUGGESTED ONE MILLION DOLLARS) AND SAID THAT FOR THOSE

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SMALLER COUNTRIES THAT COULD NOT AFFORD IT, THE G-77 WOULD FIND THE MEANS OF FINANCING THEIR CONTRIBUTION. HE ESTIMATES THAT THIS WOULD RAISE APPROXIMATELY \$150 MILLION. THE REMAINING \$350 MILLION WOULD BE PAID IN ON A FORMULATION SUCH AS THE PRESENT UN ASSESSMENT FORMULA.

2. REGARDING THE SECOND WINDOW ALATAS SAYS THAT HE UNDER-

STANDS THE US POSITION AND SYMPATHIZES WITH ITS CONGRESSIONAL PROBLEM. BUT HE INSISTED THAT THE OTHER COUNTRIES IN GROUP B "RECOGNIZE THE FACTS OF LIFE," AND ARE PREPARED TO ACCEPT A SECOND WINDOW WITH A FINANCING CAPACITY ON THE UNDERSTANDING THE CONTRIBUTIONS WOULD BE VOLUNTARY. HE SAID THAT THE US COULD WITHHOLD ITS PARTICIPATION AND EXPRESS ITS INTENTION NOT TO CONTRIBUTE, AT LEAST AT THIS TIME, BUT HE URGED THAT THE US NOT OPPOSE THE CONCEPT SINCE THERE IS MONEY AVAILABLE TO THE DEVELOPING WORLD THROUGH OPEC AND THE SECOND WINDOW WOULD BE AN INSTRUMENTALITY BY WHICH SUCH FUNDS CAN BE OBTAINED.

3. IN DISCUSSING THE VOTING MECHANISMS FOR THE COMMON FUND, ALATAS SAID THAT NO GROUP WOULD HAVE AN AUTOMATIC MAJORITY. HE BELIEVES IN "BLOCKING MAJORITIES" AND IS CERTAINLY PREPARED TO ACCEPT A FORMULA FOR WEIGHTED VOTING. HE HOPES AND EXPECTS THAT AS IN MOST UN ENTITIES THE COMMON FUND WOULD OPERATE BY CONSENSUS.

4. WE DISCUSSED UNCTAD V. HE SAID THAT THE COMMON FUND SHOULD BE NEGOTIATED BEFORE THE MANILA MEETING AND ONLY THE FINAL NON-CONTROVERSIAL DETAILS AND THE CEREMONIALS SHOULD BE LEFT FOR THE UNCTAD V SCENARIO. HE BELIEVES THAT THE AGENDA FOR THE MANILA MEETING SHOULD CONCENTRATE ON (A) FINANCIAL COOPERATION BETWEEN DEVELOPED AND LIMITED OFFICIAL USE

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DEVELOPING WORLDS INCLUDING TRADE POLICIES AND DEBT REPAYMENT; (B) TRANSFER OF TECHNOLOGY AND (C) ECONOMIC COOPERATION AMONG DEVELOPING COUNTRIES.

5. HE STATED VIGOROUSLY THAT INDONESIA WAS DEEPLY COMMITTED TO THE CONCEPT OF A COMMON FUND AND THAT THE US WOULD SEE INCREASING EXPRESSIONS OF SUCH COMMITMENT FROM IMPORTANT G-77 COUNTRIES. HE SAID THAT THE CF IS A MAJOR SEGMENT OF THE PROGRAM WHICH THE US SHOULD WELCOME AS A MEANS OF HELPING DEVELOPING COUNTRIES TO HELP THEMSELVES IN STABILIZING EXPORT INCOME AND IN GIVING A RATIONAL PATTERN TO RESOURCE DEVELOPMENT. VANDEN HEUVEL

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